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Memorandum for: THE RECORD

This paper was a contribution to Talking Points for the DCI's meeting on January 22 with Ambassador Galbraith. It was requested by the

[redacted] and was prepared by [redacted]
WE/CM.

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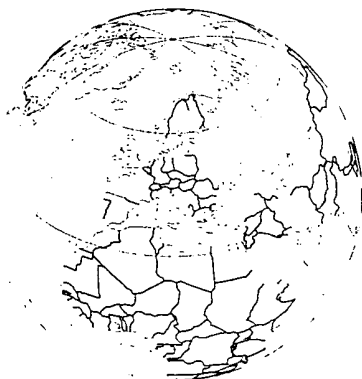
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Office of European Analysis

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14 January 1985

MEMORANDUM FOR: DDO/EUR/[] 25X1
FROM : [] 25X1
 : EURA/WE
SUBJECT : DDI Contribution to Talking Points for the DCI's
 meeting with Ambassador Galbraith

1. Mitterrand apparently intends to focus more attention on domestic affairs in the coming months. Nationwide cantonal elections will be held in mid-March, and many political leaders view these as a trial run for the vital National Assembly elections expected in mid-1986.

-- Mitterrand's standing in the polls is at an all-time low, principally because of widespread discontent with the sluggish economy and high unemployment. The President and his top advisers are determined not to deviate significantly from their tight economic policies. Nevertheless, they may float some cosmetic measures to deal with unemployment and the disadvantaged in order to mobilize leftist voters.

-- The French Communists are preoccupied with internal maneuvering prior to their party congress in early February. Party leader Marchais probably will be kept in place while "hardliners" block any attempt for real reform. The party's long-term prospects are bleak, despite their escalating opposition to Mitterrand.

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-- The center-right opposition parties are concentrating their fire on the government's handling of the economy. They also hope -- particularly within the neo-Gaullist ranks led by Chirac -- to capitalize on the Socialists' difficulties over New Caledonia. (Mitterrand will receive High Commissioner Pisani's recommendations in early February; these call for a referendum in July on New Caledonian independence under a 5-10 year "treaty of association" with France.)

2. On the international scene, Mitterrand's most troublesome issue is likely to be relations with Chad and Libya. He apparently has contained for now the damage done to his credibility and reputation as a skillful statesman, but he probably believes he cannot afford another perceived gaffe.

-- The French apparently hope that the continued Libyan presence in northern Chad will prove a serious liability for Qadhafi. At the same time, the French seem divided over their approach to Habre. But despite widespread dislike for the Chadian leader and criticism of his heavy-handed tactics in the south, Paris seems disinclined for now to cut its assistance.

-- Mitterrand probably will favor a go-slow approach toward normalizing relations with Tripoli as long as Libya maintains a significant presence south of the Aouzou strip. Barring a new Libyan provocation, however, Mitterrand may be inclined after a few months to authorize a modest increase in French commercial and

political contacts with Tripoli, perhaps including some low-level military sales. He is under pressure from powerful domestic commercial interests as well as advisers who argue that dialogue will help to moderate Qadhafi's behavior.

3. Unless diverted by another crisis in Chad or the Middle East, Mitterrand probably would like to concentrate on strengthening European political, economic, and defense cooperation -- areas in which new successes might boost his image domestically.

- Paris will stress its good ties with Bonn and may seek to implement its concept of a "two-tiered" Europe if London appears uncooperative on EC issues.
- Mitterrand also would like to arrange a visit to Paris by Chernenko later this year, but we doubt that even such a meeting would produce a dramatic improvement in generally lackluster French-Soviet relations.
- Paris will be closely watching the US-Soviet arms talks, particularly regarding INF and the SDI. The French will want close consultations with the US, particularly if the Soviets push hard to put French systems on the negotiating table.